

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 773

(Senator Carter)

Judicial Proceedings

Rules and Executive Nominations

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**Income Tax - Credit for Firearm Safety Devices**

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This bill creates a refundable credit against the State income tax equal to up to 100% of the purchase price of a “firearm safety device.” The amount of the credit may not exceed \$250, and an individual may only claim the credit once within each tax year. **The bill takes effect July 1, 2022, and applies to tax year 2022 and beyond.**

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**Fiscal Summary**

**State Effect:** General fund revenues may decrease significantly beginning in FY 2023 due to credits claimed against the income tax. The amount of the decrease depends on the number of firearm safety devices purchased each year and the price of each item. Based on similar proposals in other states, the potential revenue loss may total approximately \$8.0 million annually. General fund expenditures may increase beginning in FY 2023 due to implementation costs at the Comptroller’s Office.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** A “firearm safety device” means any device that (1) when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device and is designed to prevent the operation of the firearm by anyone not having access to the device or (2) is a safe, gun safe, gun case, lock box, or other device that is designed to be or can be used to store a firearm and that is designed to be unlocked only by means of a key, combination, or other similar means.

To claim the credit, the individual must attach to the individual's income tax return, or otherwise file with the Comptroller, proof of payment of the purchase price for the firearm safety device.

**Current Law:** A firearms dealer is prohibited from selling, offering for sale, renting, or transferring a handgun manufactured on or before December 31, 2002, unless the handgun is sold, offered for sale, rented, or transferred with an external safety lock. A firearms dealer is prohibited from selling, offering for sale, renting, or transferring a handgun manufactured on or after January 1, 2003, unless the handgun has an integrated mechanical safety device.

Maryland regulates the sale, transfer, rental, and possession of regulated firearms, which consist of handguns and assault weapons. In addition, Chapters 11 and 35 of 2021 require, with specified exceptions, that a licensed firearms dealer facilitate the sale, rental, or transfer of a rifle or shotgun; however, no permit is required to purchase a rifle or shotgun.

**State Revenues:** Tax credits can be claimed beginning in tax year 2022. As a result, general fund revenues decrease by a potentially significant amount beginning in fiscal 2023. The amount of the revenue loss cannot be reliably estimated at this time as it depends on the number of firearm safety devices purchased each year and the price of each item.

#### *Cost for Firearm Safety Devices*

The price of firearm safety devices varies from a low of \$10 for a simple trigger lock to \$1,000 or more for a sophisticated gun safe. As noted above, handguns sold in the State are already required to have either an external or integrated safety lock.

Generally, a licensed firearms dealer must facilitate all handgun, rifle, and shotgun sales in the State. Under federal law, a licensed firearms dealer must conduct a National Instant Criminal Background Check System (NICS) background check for all firearm sales conducted by the licensed firearms dealer. According to the Federal Bureau of Investigation, in 2021, a total of 267,753 NICS background checks were requested in the State. The Maryland State Police report the following sales of regulated firearms in Maryland:

- 126,330 in 2013;\*
- 28,287 in 2014;
- 37,249 in 2015;
- 52,173 in 2016;
- 51,676 in 2017;
- 53,338 in 2018;
- 53,726 in 2019;
- 104,440 in 2020; and
- 109,139 in 2021.

\* Prior to the enactment of Chapter 427 of 2013, the Firearm Safety Act.

It is unclear whether handguns sold with the required integrated safety lock qualify for the income tax credit under the bill; however, to the extent that such handguns are included, State revenues likely decrease significantly. Based on an analysis for similar legislation in other states, the potential revenue loss may total approximately \$8.0 million annually.

**State Expenditures:** The Comptroller's Office likely incurs additional general fund expenditures beginning in fiscal 2023 to (1) add the tax credit to the income tax forms; (2) process and verify tax credit claims; and (3) publish the required information on its website.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Department of State Police; Maryland State Treasurer's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2022  
fnu2/lgc Third Reader - April 8, 2022  
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